

Attachment 6A: Elimination Process Table

A summary of the FY 2005 intragovernmental elimination process is shown in the following table. See attachment 06B for information on elimination adjustment entries. **The elimination process listed below relates to intra-DoD activity only. In addition, DFAS components and USACE need to ensure proper recording of accounts payable and accounts receivable outside of DoD (Level 1). Substantial differences exist between the Level 1 accounts payable recorded by DoD and accounts receivable reported by other Federal agencies within Treasury's IRAS system at FY 2003 fiscal year-end.**

Steps	Required Action	Presentation - Where Data is Displayed
1. After allocating supported undistributed collections and disbursements between public and federal receivables, the DoD accounting centers input Seller-side information for level 2 and 3 transactions (including Transfer-out information) into the Defense Departmental Reporting System – Audited Financial Statements (DDRS-AFS).	For FY 2005, financial statements, the DoD reporting entities shall exchange summarized trading partner data via DDRS-AFS and according to instructions sent out by the DFAS-Arlington. The DoD accounting centers will reconcile summary level account balances.	The worksheets and documents used to prepare DDRS-AFS input provide support for the financial statements reporting process and shall be maintained by the accounting office.
2. The DoD accounting centers post summary level buyer-side accruals of unrecorded portion of reimbursable related balances.	For FY 2005, use the summary level adjustments to the buyer-side records.	These are supporting worksheets and journal vouchers that shall be maintained by the accounting office.
3. The DoD accounting centers report intragovernmental fiduciary balances with other federal agencies to DFAS-Arlington. DFAS-Arlington reports these balances to other Federal agencies. Reference document: “Intragovernmental Fiduciary Transactions Accounting Guide,” as updated by the “Federal Intra-governmental Accounting Transactions Policies and Procedures Guide” (Website address at: http://www.fms.treas.gov/cfs/dev)	For FY 2005, financial statements, the DoD reporting entities report intragovernmental fiduciary transaction balances to DFAS-Arlington. DFAS-Arlington reports these balances to four federal entities.	These are specific material intragovernmental transaction balances with the Bureau of the Public Debt, Borrowings from Treasury, Department of Labor, and the Office of Personnel Management. The documentation will be maintained by the accounting office.

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4. The DoD accounting centers identify elimination amounts required for the elimination columns of the consolidating DoD stand-alone entity financial statements (e.g., Army General Funds) and supporting schedules (e.g., Active Army Consolidating Statements).	Using the DDRS-AFS trial balance data base with trading partner attributes, prepare entity and supporting schedule statements, including level 3 elimination data at the applicable level of consolidation (e.g., Army General Fund Consolidating Statements, Active Army Consolidating statements, and Navy appropriation group consolidating statements).	Elimination amounts are displayed in the eliminations columns of the entity and supporting schedule Consolidating Balance Sheet, Consolidating Statement of Net Cost, and the Consolidating Statement of Changes in Net Position.
5. The DoD accounting centers identify the elimination amounts required for the elimination columns of the consolidating DoD Agency-wide financial statements.	Using the DDRS-AFS trial balance database with trading partner attributes, prepare entity statements including level 2 elimination data.	Elimination amounts are displayed in the eliminations columns of the Consolidating Balance Sheet, Consolidating Statement of Net Cost, and the Consolidating Statement of Changes in Net Position.
6. The DoD accounting centers use DDRS-AFS management reports module to prepare schedules of intragovernmental balances for the Required Supplementary Information Section.	Prepare the schedules with intragovernmental balances for the Required Supplementary Information Section. Include separate schedules for levels 1 and 2 eliminations in the DoD stand-alone and Agency-wide financial statement reports.	<p>The schedules will be included in the Required Supplementary Information Section of annual financial statements. See Chapter 12 of the DoD FMR.</p> <p>Level 3 elimination schedules are not published in the annual financial statements. Level 3 schedules are maintained as supporting documents to the DoD stand-alone statements.</p>
<p>7. Federal Agencies' Centralized Trial-Balance System (FACTS) I Reporting. Ensure trading partner attributes (e.g., Government, Treasury Index) are correctly reconciled and submitted.</p> <p>Reference document: Treasury Financial Manual, Volume 1, Chapter 4000 FACTS I</p> <p>(Website address at: http://www.fms.treas.gov/tfm)</p>	Prepare DoD FACTS I trial balance with notes from the same trial balance used to prepare DoD financial statements. Identification of Budget Function Codes in trial balance submission is required.	Transmitted to Department of the Treasury, Financial Management Service.